



[4335-30]

DEPARTMENT OF THE INTERIOR

Office of Natural Resources Revenue

[Docket No. ONRR-2011-0006; DS63644000 DR2000000.CH7000 178D0102R2]

Agency Information Collection Activities: OCS Net Profit Share Payment

Reporting—OMB Control Number 1012-0009; Comment Request

AGENCY: Office of Natural Resources Revenue (ONRR), Interior.

ACTION: Notice of extension.

SUMMARY: To comply with the Paperwork Reduction Act of 1995 (PRA), ONRR is inviting comments on a collection of information requests that we will submit to the Office of Management and Budget (OMB) for review and approval. This Information Collection Request (ICR) covers the paperwork requirements in the regulations under title 30, *Code of Federal Regulations* (CFR). Also, this ICR pertains to royalties or net profit share payments from oil and gas leases on submerged Federal lands on the Outer Continental Shelf (OCS).

DATES: You must submit your written comments on or before (**INSERT DATE 60 DAYS AFTER THE DATE OF PUBLICATION IN THE FEDERAL REGISTER**).

ADDRESSES: You may submit comments on this ICR to ONRR by using one of the following three methods. Please reference “ICR 1012-0009” in your comments.

1. Electronically go to <http://www.regulations.gov>. In the entry titled “Enter Keyword or ID,” enter “ONRR-2011-0006,” then click “Search.” Follow the instructions to submit public comments. ONRR will post all comments.

2. Email comments to Mr. Armand Southall, Regulatory Specialist, at *Armand.Southall@onrr.gov*.
3. Hand-carry or mail comments, using an overnight courier service, to ONRR. Our courier address is Building 53, entrance E-20, Denver Federal Center, West 6th Ave. and Kipling St., Denver, Colorado 80225. Visitor parking is available near entrance E-20, with a phone to request entry. Call Mr. Armando Salazar at (303) 231-3585 or Ms. Janet Giron at (303) 231-3088 to gain entrance.

FOR FURTHER INFORMATION CONTACT: For questions on technical issues, contact Roman Geissel, Deputy Program Manager, Audit Program Management, ONRR, at (303) 231-3473 or email to *Roman.Geissel@onrr.gov*. For other questions, contact Mr. Armand Southall, telephone (303) 231-3221, or email to *armand.southall@onrr.gov*. You may also contact Mr. Southall to obtain copies, at no cost, of (1) the ICR and (2) the regulations that require us to collect the information.

SUPPLEMENTARY INFORMATION:

Abstract: The Secretary of the United States Department of the Interior is responsible for collecting royalties from lessees who produce minerals from leased Federal and Indian lands and the OCS. Under various laws, the Secretary's responsibility is to manage mineral resource production on Federal and Indian lands and the OCS, collect the royalties and other mineral revenues due, and distribute the funds collected. ONRR performs the royalty management functions and assists the Secretary in carrying out the Department's responsibility. We have posted those laws pertaining to mineral leases on Federal and Indian lands and the OCS at http://www.onrr.gov/Laws_R_D/PubLaws/default.htm.

I. General Information

ONRR collects and uses this information to determine all allowable direct and allocable joint costs and credits under § 1220.011 incurred during the lease term, appropriate overhead allowance permitted on these costs under § 1220.012, and allowances for capital recovery calculated under § 1220.020. ONRR also collects this information to ensure that royalties or net profit share payments are accurately valued and appropriately paid. This ICR affects only oil and gas leases on submerged Federal lands on the OCS.

II. Information Collections

Title 30 CFR part 1220 covers the net profit share lease (NPSL) program and establishes reporting requirements for determining the net profit share base under § 1220.021 and calculating of net profit share payments due to the Federal government for the production of oil and gas from leases under § 1220.022.

A. NPSL Bidding System

To encourage exploration and development of oil and gas leases on submerged Federal lands on the OCS, the Bureau of Ocean Energy Management (BOEM) promulgated regulations at 30 CFR part 260—Outer Continental Shelf Oil and Gas Leasing. Also, BOEM promulgated specific implementing regulations for the NPSL bidding system at § 260.110(d). BOEM established the NPSL bidding system to balance a fair market return to the Federal government for the lease of its public lands with a fair profit to companies risking their investment capital. The system provides an incentive for early expeditious exploration and development and provides for sharing the risks by the lessee and the Federal government. The NPSL bidding system incorporates a fixed

capital recovery system as a means through which the lessee recovers costs of exploration and development from production revenues, along with a reasonable return on investment.

B. NPSL Capital Account

The Federal government does not receive a profit share payment from an NPSL until the lessee shows a credit balance in its capital account; that is, cumulative revenues and other credits exceed cumulative costs. Lessees multiply the credit balance by the net profit share rate (30 to 50 percent), resulting in the amount of net profit share payment due the Federal government.

ONRR requires lessees to maintain an NPSL capital account for each lease under § 1220.010, which transfers to a new owner when sold. Following the cessation of production, lessees are also required to provide either an annual or a monthly report to the Federal government, using data from the capital account until the lease is terminated, expired, or relinquished.

C. NPSL Inventories

The NPSL lessees must notify BOEM of their intent to take inventory so that the BOEM Director may be represented at the taking of inventory under § 1220.032. Each lessee must file a report after each inventory is taken, reporting the controllable material under § 1220.031.

D. NPSL Audits

When non-operators of an NPSL call for an audit, they must notify ONRR. When ONRR calls for an audit, the lessee must notify all non-operators on the lease. These requirements are located at § 1220.033.

III. OMB Approval

The information we collect under this ICR is essential in order to determine when net profit share payments are due and to ensure that lessees properly value and pay royalties or net profit share payments.

We will request OMB approval to continue to collect this information. Not collecting this information would limit the Secretary's ability to discharge fiduciary duties and may also result in the inability to confirm the accurate royalty value. ONRR protects the proprietary information received and does not collect items of a sensitive nature.

IV. Data

Title: 30 CFR Part 1220, OCS Net Profit Share Payment Reporting.

OMB Control Number: 1012-0009.

Bureau Form Number: None.

Frequency: Annually, monthly, and on occasion.

Estimated Number and Description of Respondents: 14 lessees.

Estimated Annual Reporting and Recordkeeping "Hour" Burden: 2,451 hours.

All fourteen lessees report monthly because all current NPSLs are in producing status. Because the requirements for establishment of capital accounts at § 1220.010(a) and capital account annual reporting at § 1220.031(a) are necessary only during the non-producing status of a lease, ONRR included only one response annually for these requirements, in case a new NPSL is established. We have not included in our estimates certain requirements performed in the normal course of business, which are considered usual and customary. The following table shows the estimated annual burden hours by CFR section and paragraph.

RESPONDENTS' ESTIMATED ANNUAL BURDEN HOURS

Citation 30 CFR 1220	Reporting & recordkeeping requirement	Hour burden	Number of annual responses	Annual burden hours
PART 1220—ACCOUNTING PROCEDURES FOR DETERMINING NET PROFIT SHARE PAYMENT FOR OUTER CONTINENTAL SHELF OIL AND GAS LEASES				
§ 1220.010 NPSL capital account				
1220.010(a)	(a) For each NPSL tract, an NPSL capital account shall be established and maintained by the lessee for NPSL operations. . .	1	1	1
§ 1220.030 Maintenance of records				
1220.030(a) and (b)	(a) Each lessee . . . shall establish and maintain such records as are necessary . . .	1	14	14
§ 1220.031 Reporting and payment requirements				
1220.031(a)	(a) Each lessee subject to this part shall file an annual report during the period from issuance of the NPSL until the first month in which production revenues are credited to the NPSL capital account . . .	1	14	14
1220.031(b)	(b) Beginning with the first month in which production revenues are credited to the NPSL capital account, each lessee . . . shall file a report for each NPSL, not later than 60 days following the end of each month . . .	13	168 ¹	2,184
1220.031(c)	(c) Each lessee subject to this Part 220 shall submit, together with the report required . . . any net profit share payment due . . .	Burden hours covered under § 1220.031(b).		
1220.031(d)	(d) Each lessee . . . shall file a report not later than 90 days after each inventory is taken...	8	14	112
1220.031(e)	(e) Each lessee . . . shall file a final report, not later than 60 days following the cessation of production . . .	4	14	56
§ 1220.032 Inventories				
1220.032(b)	(b) At reasonable intervals, but at least once every three years, inventories of controllable materiel shall be taken by the lessee. Written notice of intention to take	1	14	14

Citation 30 CFR 1220	Reporting & recordkeeping requirement	Hour burden	Number of annual responses	Annual burden hours
	inventory shall be given by the lessee at least 30 days before any inventory is to be taken so that the BOEM Director may be represented at the taking of inventory . . .			
§ 1220.033 Audits				
1220.033 (b)(1)	(b)(1) When nonoperators of an NPSL lease call an audit in accordance with the terms of their operating agreement, the ONRR Director shall be notified of the audit call . . .	2	14	28
1220.033 (b)(2)	(b)(2) If DOI determines to call for an audit, DOI shall notify the lessee of its audit call and set a time and place for the audit . . . The lessee shall send copies of the notice to the nonoperators on the lease . . .	2	14	28
1220.033(e)	(e) Records required to be kept under § 1220.030(a) shall be made available for inspection by any authorized agent of DOI . . .	The Office of Regulatory Affairs determined that the audit process is exempt from the Paperwork Reduction Act of 1995 because ONRR staff asks non-standard questions to resolve exceptions.		
TOTAL BURDEN			267	2,451

¹(14 NPSL reports x 12 months = 168 reports)

Estimated Annual Reporting and Recordkeeping “Non-hour” Cost Burden: We have identified no “non-hour” cost burden associated with this collection of information.

Public Disclosure Statement: The PRA (44 U.S.C. 3501 *et seq.*) provides that an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

V. Request for Comments

Section 3506(c)(2)(A) of the PRA requires each agency to “* * * provide 60-day notice in the **Federal Register** * * * and otherwise consult with members of the public and affected agencies concerning each proposed collection of information * * *.”

Agencies must specifically solicit comments to (a) evaluate whether the proposed collection of information is necessary for the agency to perform its duties, including whether the information is useful; (b) evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) enhance the quality, usefulness, and clarity of the information that ONRR collects; and (d) minimize the burden on the respondents, including the use of automated collection techniques or other forms of information technology.

The PRA also requires agencies to estimate the total annual reporting "non-hour cost" burden to respondents or record-keepers resulting from the collection of information. If you have costs to generate, maintain, and disclose this information, you should comment and provide your total capital and startup cost components or annual operation, maintenance, and purchase of service components. You should describe the methods that you use to estimate (1) major cost factors, including system and technology acquisition, (2) expected useful life of capital equipment, (3) discount rate(s), and (4) the period over which you incur costs. Capital and startup costs include, among other items, computers and software that you purchase to prepare for collecting information and monitoring, sampling, and testing equipment, and record-storage facilities. Generally, your estimates should not include equipment or services purchased (i) before October 1, 1995; (ii) to comply with requirements not associated with the information collection; (iii) for reasons other than to provide information or keep records for the Federal government; or (iv) as part of customary and usual business, or private practices.

We will summarize written responses to this notice and address them in our ICR submission for OMB approval, including appropriate adjustments to the estimated

burden. We will provide a copy of the ICR to you, without charge, upon request. We also will post the ICR at http://www.onrr.gov/Laws_R_D/FRNotices/FRInfColl.htm.

Public Comment Policy: ONRR will post all comments, including names and addresses of respondents at <http://www.regulations.gov>. Before including Personally Identifiable Information (PII), such as your address, phone number, email address, or other personal information in your comment(s), you should be aware that your entire comment (including PII) may be made available to the public at any time. While you may ask us, in your comment, to withhold PII from public view, we cannot guarantee that we will be able to do so.

ONRR Information Collection Clearance Officer: Jeffrey Parrillo (202) 208-7072.

Authority

The authorities for this action are the Outer Continental Shelf Lands Act Amendments of 1978 (43 U.S.C. 1337) and the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.).

Dated: March 15, 2017.

Gregory J. Gould

Director for Office of Natural Resources Revenue

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